

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In Re: HEI, Inc.

Chapter 11 Bankruptcy
Case No.: 15-40009

Debtor.

**WELLS FARGO BANK, NATIONAL ASSOCIATION'S RESPONSE AND
RESERVATION OF RIGHTS REGARDING DEBTOR'S MOTION FOR ORDERS (I)
GRANTING EXPEDITED RELIEF; (II) AUTHORIZING DEBTOR TO SELL ASSETS
FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES; (III)
AUTHORIZING ASSUMPTION AND ASSIGNMENT OF UNEXPIRED LEASES AND
EXECUTORY CONTRACTS; (IV) APPROVING BIDDING PROCEDURES; (V)
APPROVING BREAK UP FEE; (VI) SETTING FURTHER HEARING; AND (VII)
APPROVING FORM AND MANNER OF NOTICE**

Wells Fargo Bank, National Association acting through its Wells Fargo Business Credit operating division ("Wells Fargo") hereby submits this response and reservation of rights to the Debtor's motion for orders (i) granting expedited relief; (ii) authorizing debtor to sell assets free and clear of liens, claims, interests and encumbrances; (iii) authorizing assumption and assignment of unexpired leases and executory contracts; (iv) approving bidding procedures; (v) approving break up fee; (vi) setting further hearing; and (vii) approving form and manner of notice ("Motion").

BACKGROUND

1. Debtor filed its Motion on January 5, 2015 seeking an order authorizing the Debtor to sell certain assets of the bankruptcy estate free and clear of liens, claims, interests and encumbrances, including Wells Fargo's properly perfected first priority liens on all of the "Purchased Assets" (as defined in the Motion).

2. The Asset Purchase Agreement, attached to the Motion, contemplates the depletion of Wells Fargo's collateral, i.e. purchase price adjustment for a reduction in inventory and use of cash collateral for payment of environmental costs.

3. As of the date of this response, the Debtor has not provided Wells Fargo with a final budget relating to use of cash collateral, and the parties have not otherwise agreed on adequate protection to Wells Fargo for Debtor's use of Wells Fargo's collateral.

4. By consenting to this Motion, Wells Fargo is not waiving its right to object in the future to Debtor's use of cash collateral, and expressly reserves all rights to object at any subsequent hearing, including the final hearing on use of cash collateral scheduled for January 21, 2015.

Dated: January 13, 2015

LINDQUIST & VENNUM, L.L.P.

By: /s/ William P. Wassweiler

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